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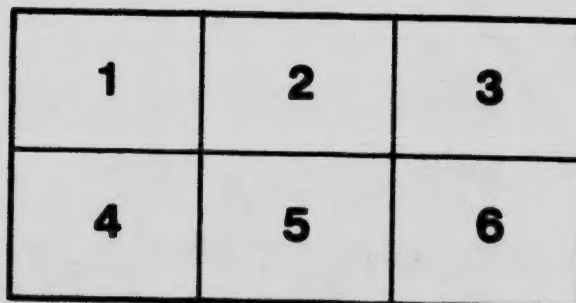
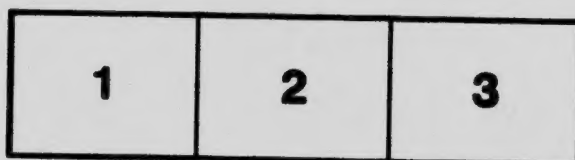
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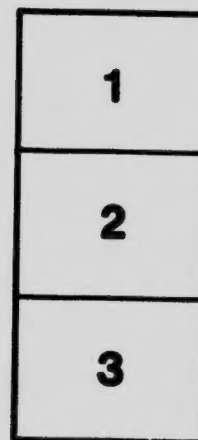
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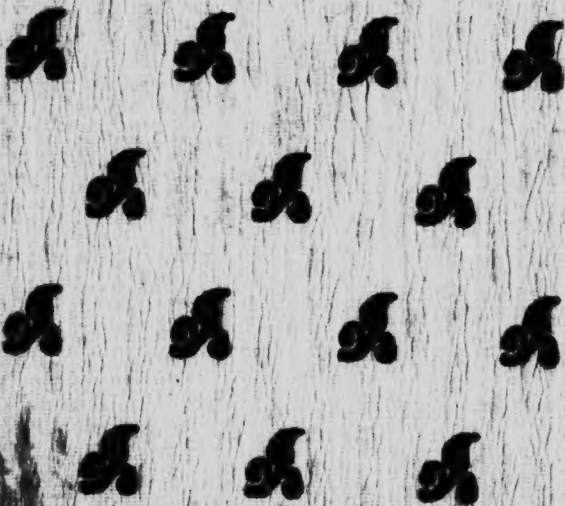


ADDRESS

Francis H. Clergue

AT A BANQUET GIVEN IN
HIS HONOR BY THE CITIZENS
OF SAULT STE. MARIE, ONT.

Friday Evening, February
Fifteenth, Nineteen Hundred
and One. 3333333333



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REFERENCE

ADDRESS

BY

FRANCIS H. CLERGUE

**AT A BANQUET GIVEN IN HIS
HONOR BY THE CITIZENS
OF SAULT STE.
MARIE, ONT.**

**FRIDAY EVENING, FEBRUARY
FIFTEENTH, NINETEEN HUN-
DRED AND ONE.**

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• • •	...BY...	• • •
• • •	FRANCIS H. CLERGUE.	• • •

MR. CHAIRMAN, FRIENDS AND FELLOW CITIZENS:

The honor which has been shown me by my fellow citizens and fellow laborers of Sault Ste. Marie conveys to me a deeper significance than that which is attached to an ordinary expression of good will or compliment or congratulation on one's safe return from a long journey. Its spontaneity and the desire expressed by all of the citizens to participate in the occasion is the evidence that what has been attempted and what has been performed and what is being projected by those corporations over whose local interests I have the honor to preside have, after an opportunity for observation and criticism covering a period of six years, secured the unqualified approval and applause of all of the people residing in Sault Ste. Marie. The gratification and satisfaction I feel at your compliments so enthusiastically expressed is very greatly enhanced by the fact that the position which we now occupy in your esteem has not always been possessed by us; and by the consciousness that we have acquired it only by our ability to endure the closest scrutiny and critical observation covering a considerable period of years. This contemplation is indeed a source of a genuine, and as I think, deserved self-congratulation. I fully appreciate that the compliment conveyed by this banquet, while being addressed to me as an individual, is in reality meant by you to be an endorsement and a commendation of all the officers and shareholders of those various companies which have manifested their confidence in Canadian

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resources and the Canadian people by the investment of many millions of dollars in what has been to them a foreign land.

As the responsible head and representative of these courageous and enlightened Americans, who have thus shown their faith in Canada by their works, I am here to accept your congratulations and your sympathy with the deepest possible sense of gratitude and satisfaction. I may have implied that your kind sympathy has not always in the past been demonstrated in our favor. I must not leave an erroneous impression upon your minds, or suggest that my pathway in Sault Ste. Marie has been strewn with the thorns of illwill. When the industrial undertakings, which have so far progressed in your midst, were first projected six years ago, we found Sault Ste. Marie a small village far removed from the centers of commercial and industrial activity in Canada, comprising a total population of not over 2,500, the majority of whom, and I mean this as a compliment, were people of disappointed ambitions. They were indeed of that courageous and virile temperament which characterize all pioneers; they had left the larger communities of Canada to seek that better fortune and those richer rewards for industry and effort which the advance guard of all new countries hope for and usually acquire.

The strategic position of Sault Ste. Marie has been appreciated by prehistoric aborigines, and when the first human being, capable of leaving behind him a written record, visited this spot, he found it already a center of population and a most important meeting place for the wild tribes of the forest. From these ancient days down to 1894, from Indian to halfbreed and halfbreed to white man, the spirit of imagination had roved with freedom amid the beautiful hunting grounds and grand industrial structures of Sault Ste. Marie. The advent of the Canadian Pacific railway on the Canadian side and of two railway systems on the American side, was the apparent fruition of all these hopes, and for a period of time—about the year 1888—the career of Sault Ste. Marie and the fortunes of its citizens seemed to be assured. A grievous disappointment, however, was the result. It was observed that the trains ar-

living at Sault Ste. Marie, after the advent of these railways, were not all loaded down with water wheels to be dropped into the rapids, with mechanical contrivances for manufacturing the products of the forest, and with capitalists loaded with cash and letters of credit for immediate investment in corner lots, and in the construction of magnificent edifices. The rapids still continued to perform, without interruption, their functions as a health resort for the whitefish; the forests remained untouched, and the long and broad expanse of wooden sidewalks leading throughout the town and into the distant suburbs remained untrod by the expected capitalist. One year of such disappointment could be endured; in two or three years' suspense became anxiety, and in about eight years nearly every inhabitant had lost his breath trying to hold on.

This was a period of time when my good fortune brought me to Sault Ste. Marie, where my good sense has kept me ever since. I have sketched the experiences of some of the gentlemen present in order to indicate the frame of mind in which I found these citizens, and as an excuse and justification for the almost reluctant manner in which they have reached the conclusion that there was really some good in Canada in general and in Sault Ste. Marie in particular. After the dire disappointment of many years they could not at once, and without another period of observation and education, become inspired with confidence in anything Canadian. It is to these causes that I attribute the doubting, criticising attitude of many of my fellow citizens during the early years of our development here. No one seemed to expect that anything would actually result from a certain contract entered into between myself and my associates with the town of Sault Ste. Marie six years ago. If anything were to result, they would expect instantaneous evidence of it. Every citizen would secure a contract at a rate of profit sufficient to enable him to retire in happiness and wealth for the remainder of his days. Engineering skill which might be required would, of course, be furnished by the college boys of the citizens. All the merchandise required would be purchased at the existing shops and at Indian prices; the office work and the

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general administration of these undertakings would be conducted by the sons of the principal citizens. If these results did not begin to follow at once after the completion of the contract, then disappointment more bitter still would follow from this latest effort to revive the fortunes of Sault Ste. Marie.

I am not recounting these early experiences in a spirit of criticism or of complaint; the attitude of the citizens of Sault Ste. Marie was entirely natural and human, and this occasion demonstrates that these same citizens were possessed of all the stamina and all the virility and good sense necessary to win for them and their community ultimate success. The projects contemplated at the time of my first arrangements with the town of Sault Ste. Marie were of a character and of a scale quite unknown, and of necessity entirely unappreciated, not alone by the citizens of Sault Ste. Marie, but quite as little understood by the citizens of the larger cities of Canada. No example had come to the knowledge or experience of the citizens of Sault Ste. Marie of industrial undertakings of the character or magnitude of those proposed, and it was only natural and justifiable that the time and the effort and the technical skill and the forethought necessary to produce the works which you see here should not have been conceived of.

I remember well with what a feeling of chagrin I listened to the criticism of my associates at one of our meetings when it was suggested that I had not seemed to secure the good will and popular sympathy of Sault Ste. Marie. My reply was that successful works would soon secure sympathy, but that to turn over the administration of them to the community would soon result in the ruin of both works and community. Night and day, year after year, the construction and operation of these works have gone on. With the exception of the Lord's Day, there has never been an hour for six years when the hammer has not been heard about these works. With an equal persistence the intelligence of the citizens has been hammered; every month has seen some little advance in the income of the merchant, the landlord and the laborer. Month by month the population has gained in number, and day by day the citizens

have come to feel that they are partners and jointly interested in a system of works and industry, perhaps without parallel in variety and importance.

I have pointed out the critical disposition of the town's people at the inception of these works. I must declare how much we owe to their vigorous and constantly growing support. Their support has grown with their faith; they are of the right type. They could not be otherwise and inhabit the zone in which we live. I do not speak disparagingly of the Southerners, whose graces and intellectual qualities everyone admires, but the cosmopolitan observer in studying the history of the human race about the world will find a belt spanning the globe wherein the vigor of the climate and the changing seasons seem to produce in the human race an energy and a restless industry which has accomplished for mankind the greatest results. The northern limit of that belt has never been found; the southern limit is defined with some certainty; the northern states of Europe, and of the United States and all of Canada are within these blessed bounds, and of this race are the citizens of Sault Ste. Marie. Besides a sturdy physique and an ability for endurance, the people of this zone are inspired with mental attributes of the right sort to insure success in their occupations and duties. Let me illustrate by some recent experience having a local interest. You will all remember the advent here, during last year, of four ocean-going British steamers brought out by us to engage experimentally in the navigation of the St. Lawrence river to the lakes and carry the traffic of the Helen iron mine during the open season. At the close of the navigation season these ships were sent to sea, completing their loading at Montreal with full cargoes for Bristol Channel ports. Leaving Montreal in the month of December they encountered in the passage across those unprecedented gales of this winter, which seemed never to end, and which destroyed and disabled many of the best ships on the North Atlantic. I myself crossed through the midst of these gales on one of the largest and fastest ocean liners, and you will believe that I did not fail to see those little ships in my

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mind's eye when my own big ship was being tossed about like a chip on Lake Superior. Our ships encountered the very worst of the gales. The Monkshaven had her four lifeboats carried away one after another. Her staunch bulwarks were crumbled up like paper and broken in flat with the decks. All connections between the deck and the cabins were battened down, and half the time the officers on the bridge could not see the hull of the ship, which was continually immersed beneath the seas. In the midst of this distress the steel quadrant, by means of which the rudder of the ship was controlled, was broken, and instantly the control of the ship was lost. Apparently nothing could be done, the engines were of course stopped, and the ship tumbled about among the mountainous waves like a wreck. When daylight came the officers and crew set themselves at work to get control of the rudder. Forward were two large spare anchors, and with the help of hoists and tackle, after twenty-four hours of struggling through the seas washing the decks, these anchors were gotten aft, lashed and chained to the stump of the quadrant and within forty-eight hours the ship was again under control and off on her course. In the midst of the gale, and while these repairs were being attempted, an ocean liner was sighted, overtook the ship and signals were exchanged. What think you was the signal displayed from the shaking masthead of the wrecked Monkshaven? Did it announce her disabled condition, and ask for succor? Did it read that her lifeboats were all gone, that the rudder was disabled and the ship unmanageable? Not so! This was the signal which these brave men flung in the winds: "We are the British ship Monkshaven; please report us all well." Yes, indeed, the Monkshaven was "all well!" "All well," while she had on board officers and crew whose courage and whose sense of duty inspired them to decline assistance under such terrifying conditions. A few hours later the ship was under control, and a week later she limped into Cardiff "all well," and these British seamen, unconscious of any heroic conduct, knowing only that they had performed a duty well, received their petty dues, and went ashore to mingle with the hundreds

of thousands of other British seamen who would behave exactly the same way under the same circumstances. Another instance:

Lake Superior will always be a source of profit to the inhabitants of Sault Ste. Marie, and will, in my opinion, be the chief cause of the gathering at Sault Ste. Marie of a very large population supported by its falling waters. However useful a servant these falling waters may be when controlled, they possess a force and power which, if misdirected, would cause incalculable destruction. At the commencement of the present winter a terrific hurricane chased these waters from Duluth to Sault Ste. Marie at such a rapid rate that the natural overflow provided by the rapids did not afford sufficient vent, and the result was a piling up of the waters at this narrow throat to a height never before recorded. The artificial obstruction provided at the head of our works had been designed with a large margin of safety for high water, but they proved in this case insufficient, and they were overcome, and Lake Superior commenced to show its real omnipotence by starting in at the destruction of these works upon which six years of labor and more than six millions of dollars had been expended. The disaster occurred at night in the midst of a howling gale and thick snow storm. At the first discovery of danger the works' whistle began shrieking for assistance. It was Saturday night, none of the works were in operation, and none but the watchmen about the premises. No sooner, however, had the whistle sounded out its alarm and its call for succor than men began to pour apparently from the snowdrifts and from the ground. The laborers, the mechanics, the mill operatives, the accountants, the engineers, the merchants from the town, and the bank clerks, each and all hurried to our rescue, and in the midst of the rushing water, the falling snow, the crowding ice, these men in evening dress and all sorts of garments rushed into the breach formed by the raging waters, shoveling earth, piling rocks and carrying timber to construct the temporary dams which should save the mills. Two hours of struggle accomplished victory, and the mills were saved!

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What can stay the progress of a purpose being urged forward with an energy and vitality and faithfulness of this sort? Nothing! You need have no fear that the progress and prosperity of Sault Ste. Marie and the industries now founded therein will be checked or retarded by absence or the loss of any individual. The very progress of education which the citizens of Sault Ste. Marie have enjoyed in observing and participating in the construction and development of these works have qualified them to become associates and participants in its future career. You yourselves will see that these works are sustained and supported and continued. They are your sons who will become the operatives, the mechanics, the accountants and, yes, the managers of these various undertakings. The technical and professional training which now becomes available to the youth of this community through the medium of these works afford educational opportunities which will qualify them not alone to conduct the operation of these, but to originate and promote others. You have the right stamina; you have the right physical and intellectual attributes; you have the right climate, and above all, opportunities untouched and resources only awaiting your requests to yield to you success and profit. So much for the past relations between the town's people and our company.

Now, I know you will all like to hear some of the practical details of the operation of our works, and then you will, I also feel sure, expect me to make flattering prognostications of the future. I am too well satisfied with the present feeling of confidence which my fellow citizens have now acquired in me and my projects to imperil it by confessing to you what I really think about the future prospects of the two Saults. If I should tell you what is really in my mind in respect to this, you would, I am sure, feel that I had been carried away by the latest advance in real estate, that my capacity for judgment was gone, and that I myself had become a reckless boomster. I feel, therefore, that my good reputation requires that I should refrain from making a forecast of the future which would seem extravagant, but I will allow you to judge of the future by

indicating some things of the past and of the present. As I have said already, and as you know from observation to be true, the factories now in active operation here did not drop down like manna from heaven all ready for the use of man. The general design must be conceived. The engineers must make the drawings, the materials must be purchased, and the workmen must construct. These things involve the expenditure of money, and this expenditure is not confined to the community in which the works happen to be located, although such is the impression. I shall take some pains on this occasion to disprove this error, and although you will all experience a feeling of regret that every dollar we have spent in the past or shall in the future expend in our operations here does not remain in circulation in Sault Ste. Marie, and finally find its way into your individual bank accounts, yet other communities can take heart therefrom and come to realize that they receive their share of every dollar expended here. You must console yourselves by reflecting that if the only result of the establishment of these great works were to build a great city at the Sault, in whose affluence the rest of Canada should have no share, the Sault would not for long fail to feel the unfavorable influences which a universal envy could exercise. If I were to disclose state secrets you would learn that already the trail of this disagreeable serpent has been seen; in fact I suspect that his head has been bruised by a heel. But the statesmen of Canada of all political inclinations and business men of wide experience will rejoice in our success, for in it they observe an example to inspire like effort at a thousand waterfalls between Halifax and Vancouver; to incline Halifax and St. John and Quebec and Montreal to study their own special opportunities and advantages and by the development of northern and western Canada become the Boston, the New York, the Philadelphia and the Baltimore of Canada; thereby Toronto shall become Canada's Chicago, Hamilton her Pittsburg and the lesser cities shall take heart and each with enthusiasm and confidence go forward to repeat in Canada the successful career of the United States. I have had some figures prepared by our auditor's

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office for your information on these points. I know you will find them interesting.

We commenced the operation of the Algoma Iron Works with the present superintendent as foreman, and two machinists. The machine shop, foundry and blacksmith shop now employ 300 men and the annual payroll amounts to \$200,000. We have expended for supplies and material for the iron works, almost wholly in Canada and principally in Ontario, over \$300,000. For wages we have expended \$200,000. The increase in the capacity of these works, which our business now demands and construction for which will commence on the opening of spring, will require an expenditure of \$100,000, and the increase in the number of artisans to 600. The Sault Ste. Marie Pulp & Paper Company has expended in the labor and material for the construction of its works over \$2,000,000, and has expended for labor in operation over \$1,000,000. The number of men now on its payroll is over 1,000 and the annual payroll amounts to over \$500,000. The new pulp mill, coming into operation in the spring, will increase the number on the payroll to 1,500.

The Tagona Water & Light Company has expended on construction of its works over \$300,000 and has paid out in wages over \$50,000. The increase to its system to be undertaken on the opening of spring will cost \$50,000 and will employ 200 men during the construction.

The Lake Superior Power Company has expended over \$3,000,000 in construction, and employs 1,000 men with a daily payroll of \$1,500. The additional works to be undertaken on the opening of spring will require 2,000 more men on its payroll, and an additional expenditure of \$5,000,000. These works include an electric street railway, the new power canal and the blast furnaces and steel plant. The Algoma Central Railway has already expended over \$3,000,000 in construction, and has had as many as 2,000 men on its own and contractors' payrolls. Four thousand men will be required to carry on the construction this year. The total cash expenditures estimated to be required for completing the Algoma Cen-

tral Railway is \$5,000,000. The Algoma Commercial Company, operating the Algoma Central land grant, will require 1,000 men to conduct its works projected for the coming year. The steamers and steamship lines now owned and operated by the Algoma Central employ 250 people, and the new line to be opened in connection with the Algoma Central this season will employ 250 additional. Expenditures for the steamship line have already exceeded \$600,000, and the addition to our fleet will cost \$500,000 more. The Reduction and Refining Works, under construction, will be completed this season and will afford employment for 500 people.

A summary of these figures shows that we have already expended in works at Sault Ste. Marie or tributary thereto over \$9,000,000, that we have over \$9,000,000 more to expend before the projected works are completed; and these sums do not include our outlays at Sault Ste. Marie, Michigan. It indicates that the 3,000 men now on our payroll will be increased to over 8,000, and that about \$10,000 in cash will be distributed daily at Sault Ste. Marie among the builders and operatives of these works. There is a great advantage, which should not be lost sight of, to the community in which capital is expended for industrial works, which does not result from a similar expenditure in railroad construction or buildings of any other nature. In industrial works the artisans engaged in the construction thereof invariably remain either as artisans in the works themselves, or as employes on new works, the necessity of which is caused by the original industry. The capital invested in the construction of the railways entering the Saults, or in the great government locks at this point, performed its function as a circulating medium only once. The works were constructed, the laborers paid therefor, and then they dispersed to all parts of the world. No appreciable cash revenue is derived by the community from the operation of these railroads or from the operation of the locks, although, of course, the general interests of the community are much benefited by the facilities for transportation thus afforded. But it is true, that no workman engaged on the construction of any of our works has ever left

this community because he could not find employment, and that at wages equal to the highest paid for similar labor in any country in the world.

To mention the considerable expenditure of capital already made in the Sault Ste. Marie enterprises and to predict the still larger expenditure necessary to carry to completion the additional works now under construction is naturally to excite the admiration and enthusiasm of every one having practical interests in this community; but no degree of enthusiasm on the part of the promoters, no applause that their ambition and courage may receive from the interested observers, will alone secure financial returns to the investors. The extent and variety of the various works in operation or under construction here would likely excite the criticism and unfavorable comment of those whose observation has often disclosed the disappointments which have resulted from injudicious expenditures by the projectors of large operations.

Notwithstanding the ambitious hopes of the citizens of Sault Ste. Marie and the exceptional confidence with which they have been inspired by our past performances, I have no doubt of a lingering fear, doubtless concealed from the world, lest the hoped for profits may not result and in consequence the present progress of the community suffer a check. It may ease your minds in this respect if I devote a little time to the exposition of the logical foundation of the Sault Ste. Marie undertakings. The first source of employment of labor and employment of capital the world over, in industrial affairs, is raw material in some form; the second is the force necessary to transform the raw material into a condition sufficiently finished for its use by mankind. These are the two foundation stones upon which every industrial edifice has been constructed from the days of Noah's ark to date. From the days of the first baboon down to the time of Carnegie, there has never been an industrial failure where the raw material existed to the best advantage, combined with the force necessary for its transformation into practical use. If a combination of the cheapest and best raw material and the cheapest and best force

be available it is certain that until the world shall have been surfeited with the product of that force, there will be no limit to the amount of capital which can be profitably invested in the development of that raw material and that force. While those who originate the development of such conditions will enjoy the first profit, the whole civilized world will participate, since the inevitable result will be a distribution in the world of a necessary material at a lower cost. If similar enterprises and undertakings, conducted in less favored localities suffer from competition or a lowering of prices and if indeed they be obliged to abandon their undertakings, that will be the inevitable result of an illogical foundation, and, while some individuals may suffer, the great community is benefited. This is a natural law which no human artifice in the world, whether of trusts, of tariffs or of labor unions can overcome. This is the sort of reasoning which has led the gentlemen associated with me to plan and carry out on an unprecedented scale the development of the hydraulic power at Sault Ste. Marie, and the utilization of the raw material adjacent thereto. You will understand our reasoning and the policy when you observe that we are not projecting a cotton mill here in competition with those erected on the cotton plantations of the southern states, nor a sugar factory against those of Cuba or Jamaica; nor a silk mill in competition with those of Lyons; nor a woolen mill which could be equaled in advantages in a thousand places over the globe. On the contrary, you will observe that every operation and process has been based first upon the resource of local raw material and secondly on the power originating on the spot. I think I can justly claim that there is no industrial undertaking on the globe where there is a more complete absence of recklessness, and a more complete presence of the soundest and most conservative and logical business reasoning. If you have any lingering doubt left you must be worse than Thomas, and had better move to a community where your doubting disposition will find more consolation. Another evidence of the stability of our undertakings here to which I can point with pride to show the conservatism and

caution which have been practised in connection with our works is the fact that every dollar of this vast expenditure has been provided directly from the pockets of the shareholders of the company; not a mortgage nor a bond of the company has ever existed. The actual hard cash is and always has been provided and in the bank in advance of the expenditure. The shareholders of this company have not imposed on a gullible public a large issue of bonds secured by the mortgage of the property sufficient to more than equal all the expenditures necessary, wherein the bond holders suffer a loss if unsuccessful and the shareholders get the most of the profit if successful; on the contrary they have taken the first risk and the only profits they look for from their enterprise are those legitimately made from its actual operation.

I have said that the foundation of this enterprise is cheap raw material, and ample power cheaply developed. The source of power is visible to all, its means of development inexpensive and its location at the throat of Lake Superior the best possible for the accumulation of raw material and distribution of products. Even were it necessary to assemble distant raw material here for manufacture, the conditions are such that nowhere in the world can raw material be assembled so cheaply, and nowhere in the world are the transportation rates less. The raw materials in the region tributary to the Sault, of course, suggest themselves first for manufacture. This consists of all kinds of wood indigenous to northern forests and many mineral products. The agricultural products which will follow the clearing of the land are not directly of interest to us as manufacturers, but their progress and development will go on to the great profit of the farmer, because of the fact that not for many years will the farming population be able to supply the consuming population assembled by our factories. Let me practically illustrate the common sense basis of our manufacturing—that of the pulp and paper factory. The paper used in the arts is prepared and produced from the tree trunk, a part of which is subjected to the face of a grind stone under pressure, and a part of it to the action of sulphite of lime under

steam pressure. To grind wood into pulp requires 75 horse powers daily to produce one ton of pulp. Therefore 100 tons of pulp daily will require 7,500 horse power, furnished constantly on the water wheels for 24 hours. This is the product of our No. 1 mill, although its capacity may be 25 per cent more. The development of this amount of power can be accomplished here at a cost as low as at any other location in the world. The wood most desirable for paper manufacturing exists in large quantities throughout the country adjacent to the Sault. To utilize the water power the pulp mill was built; to procure the pulpwood the railway was built. The pulp mill and railway being built, the pulpwood must be got for transportation to the mill and the result is that the land must be cleared, and the land cleared is taken possession of by the farmer who immediately finds waiting an impatient market where he can get Boston prices for his products. Is this not logical and conservative? Can wood pulp ever be produced more cheaply? As long as wood pulp must be used, this mill must prosper and the railway and farmer thrive.

You are all familiar with the discovery of the use of sulphur from nickel ores for paper making and are aware that we have enjoyed the satisfaction of transforming the desulphurized nickel ore into one of the most valuable materials in metal work, namely, nickel steel. In accordance with our conservative and cautious policy, before establishing our nickel steel works we have devoted years to the practical development of our methods of producing nickel steel until it has been adopted as a standard by the principal users in the world. You can now witness under construction at Sault Ste. Marie a steel works intended to produce 600 tons a day and which, in my judgment, will continue under construction until its capacity reaches 3,000 tons a day and it shall have become the largest steel plant in one location in the world.

It is true that the nickel ore, after being desulphurized, can be utilized at a greater profit if admixed with ore of pure iron and most of you will remember that our search for this ore resulted in the discovery of the Helen mines. These mines con-

sist of the highest grade of iron ore and are located on the mountain side only 12 miles from a good harbor on Lake Superior, with a down hill haul. Where can iron ore be produced more cheaply and transported to the works with less cost? Every iron master in the United States will answer "nowhere." Was it not sound business to construct a railway to the Helen mine, to provide ships to carry the ore to our works and to erect these works for the combined use of the Helen iron and the Gertrude nickel ores?

If any critic be left, his last recourse will be to complain of the lack of fuel. It is true that the hoped-for coal mines have not yet been discovered in Ontario. It is also true that the great ore fleet of Lake Superior, returning light from the coal ports of Lake Erie, bring us back coke and coal at a cost very much lower than that of coke and coal in any other country than the United States; and this difference in our cost of coal is a moderate percentage of the total cost of steel or iron. It is, however, true that the use of water power for all power appliances in the steel plant, more than balances the slight additional cost of fuel, so that a mathematical calculation demonstrates that if the knowledge, skill and capital which have resulted in the great iron works of the United States, are applied at Sault Ste. Marie, there is absolute assurance of equal success.

But everybody knows how reluctant we are to become bounden to another country for raw materials, and the substitution of charcoal for coke has occurred to our restless minds. The vast forest areas tributary to the Algoma Central reveal the fact that we have over one million acres of hardwood forests of the best quality for charcoal, available to the steel plant by means of our railway; an estimate of skilled engineers, based upon experience in the industry in all parts of the world, results in the demonstration that we can make charcoal pig iron as cheaply as coke iron is made in any part of the world. From the days of Titan charcoal iron has always commanded higher prices than coke iron because of its better qualities. Should there be any doubt as to the permanent and successful

operation of the charcoal nickel steel works in competition with the rest of the world? Is it not apparent that our steel plant is carefully thought out, fully considered and a soundly-based operation? Twenty-five acres of land must be cleared daily to supply our charcoal furnaces and 300 farms of 25 acres will thus be cleared every year. The laborers to provide the fuel to these hungry furnaces are not those of Pennsylvania; the railway transporting it will not be traversing the state of Ohio; Canadian workmen will be felling the trees, burning the charcoal and operating the trains which bring this fuel to the maw of the furnace. Does not this operation seem to be based upon the rules of common sense? But the process goes still further. In transforming the wood into charcoal the ordinary process will not be used, but the valuable constituents of the wood which do not form part of its usefulness as fuel will all be preserved. In the preparation of the smokeless powder for the British army and navy one of the chief ingredients is a product of the chemical distillation of wood and in the production of this product and wood alcohol hundreds of people will be employed and the cost of the fuel very much lessened by the resulting profits. I must confess to myself as I summarize the history of the progress of our projects that they seem to have been favored in the most miraculous manner. Whatever we have sought has been found, whatever we have conceived has become a reality. But when we reflect upon our progress in its more minute detail, we become convinced there is nothing miraculous after all but it has been the result of intelligent conception, push, investigation and faithful industry on the part of the officers and staff of the various departments which now number over 300 men, combined with the intelligent and faithful support of the thousands of men in our employ, and the indulgent confidence of our shareholders.

You will remember the first step in our progress consisted of an accounting office, the second of an engineer's office, the third of a little machine shop and the fourth of a laboratory. Out of the heads sheltered by the roofs of these four little structures what is now visible and being made visible, at Sault

Ste. Marie, originated. Nothing has gone on by haphazard.

So far, I have confined my compliments to my fellow workers, but it is becoming, however, that I should mention the relations sustained by the governments of the Province of Ontario and the Dominion of Canada, to the work as well as to all undertakings of similar character throughout the Dominion. The connection between the government and industries appear as a necessity in Canada and I do not know of any other civilized nation where similar conditions exist. These conditions are due to the fact that the small population of Canada represented by the Dominion and Provincial governments, is possessed of the largest area of unoccupied land on the globe. It follows that individuals and corporations inclined to enter this area to possess themselves of the substances contained therein must do so with governmental concurrence and approval, and thus it happens that the first step the pioneer takes is to approach one or both governments with his request. Thus it happens that the government of the Dominion and of the various provinces are made the actual administrators of property of people exceeding in value the amount possessed as public property by any other people on the globe.

From my first conference with the departments of government at Toronto and at Ottawa down to the present moment, we have been received with consideration, and with a cordial disposition to aid in the advancement of our plans. The desire to facilitate our projects has always been evident but at first there was an apparent doubt as to the practicability of such large schemes in Canada. Sydney and the great works on the St. Maurice and the Niagara development have now, however, inspired confidence. In fact we have pestered the government so persistently with arguments in favor of Canada that they are reasonably well impressed with their own assets, though the general impression among Canadians still seems to be that land is of value, mines are of value, railways are of value everywhere except in Canada. The Canadian banks seem to consider those loans the best which they can make to the wheat speculators of Chicago, Minneapolis or Duluth or

the stock speculators of New York. Even Canadian railway promoters go to Cuba and China to find room to indulge their ambitions for railway construction. The parents of young men begin to correspond for positions in the United States, before they are out of school, and the Canadian laborer is constantly seeking protection to his life, liberty and property under the stars and stripes. This condition of things has long continued and the inhabitants of Canada have apparently come to the conclusion that the imaginary line drawn between the two countries by treaty left everything desirable to the south and everything intolerable to the north. I have now lived long enough in Canada to form an intelligent judgment of the country and its inhabitants and I am now willing to disclose it. I know a great deal about the resources of Canada over its length and breadth, and to some extent in its depth. I have come into contact with its people from the common laborer through all the trades and professions to the prime minister, and I can say without idle compliment that nowhere in the world can be found a people more industrious, more intelligent or better fitted for the highest civilization than those within the boundaries of Canada. Transient visitors carry off the impression made by a chance meeting with a few of the citizens of the country and the opinion of such visitors good or ill is taken for fact in the United States. My own judgment I have more confidence in, because of my exceptional chances for investigation. As far as the people are concerned they seem to possess all the desirable attributes which have made the inhabitants of the United States renowned throughout the world, while the physical resources of the country are such as offer a rich reward to enterprise and energy.

My reflections upon this subject have given me the notion that as a political economist I have had better opportunities for practical observation in Canada than have been enjoyed by many of the more distinguished philosophers. I have from the best evidence come to a just conclusion, and it is that the apparent failure of Canadian development in respect to industry and population, has not been due to inferior mental

qualities, less intellectual ingenuity, nor unwise laws. I have decided that Canada's stagnation has been due to the misdirection of its industrial efforts whereby labor has not received an adequate recompense, and in consequence has been induced to emigrate to the more favorable conditions existing in the United States. As in the case of all new countries, the first instinct of the inhabitants of Canada has been to convert into money the resources of the country by the most direct possible course. As there happened to exist another political community on the Canadian boundary already far advanced in the arts and industries, a ready market was instantly at hand to absorb the crude products of the farm, the forest and the mines for conversion in American factories into the finished forms required for the use of man. Thus it happened that the Canadians began to export their raw materials in return for a moderate amount of ready cash, and the favoring tariff of a nation of sagacious business men facilitated the continuance of this method of business by imposing a prohibitory tariff upon the manufactured products of these raw materials. This condition of affairs has limited the opportunities for profitable labor in Canada, so that early in its history the number of laborers exceeded the requirements of the employers, and with a surplus of labor there existed a depression in the rate of wages, which finally reached so low a limit as to compel a workman of enterprise to seek occupation in the neighboring country, where the manufacture of Canadian and other raw materials afford a better recompense. This industrial condition has existed in Canada almost from its beginning as a country, and the manufacturing enterprises which have been introduced in Canada have nearly all been limited to those which could be sustained, not by the natural foundation of advantageous situation, but by the artificial stimulus of a tariff. Such might still be the condition of Canada, were it not for this cause: the vast stores of raw material existing within the United States which were supposed to be inexhaustible, and which were the real foundation of the industrial prosperity of the United States, have been found to possess a limit. The lum-

ber mills of Maine and of Michigan found they must have Canadian logs or abandon their business; the pulp and paper mills of New York and New England found they must have Canadian spruce; the United States government found it must depend on Canadian nickel for its navy; and now the iron workers of the United States are exploring all of Canada for iron ore. Boston needs Nova Scotia coal, and the northwestern states are making the same requisition on British Columbia. All of the consuming cities from Boston to Chicago are petitioning for Canadian fish and Canadian farm products, so that in the process of time it has happened that American purveyors of these requirements have come to Canada for their supplies. In the beginning of this movement these foreigners meant no good to Canada; they simply proposed to increase the exportation of Canadian raw materials while still obstructing their manufacture in Canada. These visitors were neither philosophers nor sound business men; they were building only for the day, and have been followed by others of more sagacity, I, myself, may claim this distinction, and the Canadian frontier from Sydney to the American undertakings in British Columbia all prove that American experience with Canadian business men and Canadian statesmen has convinced the Americans that Canada has now acquired a position which will enable her to ask for and secure a more just condition of industrial exchange than has existed in the past. Convinced of this, you now see American capitalists establishing works throughout Canada on a scale that is equal to that of the most successful in the United States, and almost instantly there has been created such an advance in the wage scale of Canada as to have placed her on a par with the United States. The result has had the effect of instantly checking the emigration of Canadian laborers and indeed of attracting laborers from those parts of the United States where the labor market has become congested. This serves the double purpose of benefiting the laborers in the United States and assisting the industrial needs of Canada, so that it should now follow, if my reasoning is proven true, that not alone will the annual outflow of Can-

adians to the United States cease, and the natural increase of the population of Canada commence to count in its own favor, but a large tide of immigrants from more distant lands will commence to flow into Canada. It is the individual laborer who stands at the bottom of the column of industrial nations; without him no structure can be erected, and without him no nation can have a successful career. That nation whose industry will afford the highest rate of compensation for a day laborer will be the leading nation of the world, and the only true measure of the prosperity of a country is its rate of wages. So perfect has become the machinery of civilization that this apparently contradictory condition exists; the higher the rate of wages, the lower is the cost of the actual necessities and the chief comforts of mankind, a fact due to the extraordinary economy of production by machinery in countries where this highly paid and ingenious labor exists. I remember that the mayor of the city of Chicoutimi, in Quebec, came to seek my advice regarding the establishment of a pulp mill. He tried to impress me with the advantages of his opportunities by pointing out the fact that labor was entirely content with a wage of 75 cents per day, while at Sault Ste. Marie we were paying \$1.50 per day. I assured him that if his mill were a success he would not long keep wages at 75 cents per day. The mill was built, it is a success, and wages are \$1.50 per day. At Sydney, prior to the Whitney undertakings, wages were \$1.00 per day and now they are \$1.50 to \$2.00 per day.

These events have not transpired without observation by the people of Canada, nor are they failing to comprehend them. Their neighbors have brought them to realize more clearly the profitable opportunities for the employment of both labor and capital, and they are commencing to bestir themselves to participate in the enjoyment of them. The consequences to follow from this invasion of Canada by American capitalists are beneficent from both the American and Canadian points of view. Socially and industrially the two countries and the inhabitants thereof are coming to have interests in common. The Americans on the lake frontier from Buffalo to Duluth are

commencing to realize that there lies to the north of them an untouched region with resources as vast as its area, to which they should be among the first to have access; that a large and thriving country along the northern frontier will afford them better opportunities and more profit from the interchange of trade and commerce than would a neglected and unoccupied land.

What course shall be followed to compel the most speedy and efficacious development and population of this vast territory should be the constant concern of the governments of Canada. I maintain that the immigration projects of the Dominion and Provincial have been worse than useless; they have simply wasted the people's money in bringing laborers to a market already glutted with laborers. Let the governments, by judicious general laws and by special grants of wild lands where justifiable, tempt the capitalist and the manufacturer to establish works for the utilization of these Canadian raw materials, and then they will have established an agency for immigration more efficacious than a legion of lecturers and a million maps. Several proofs of my contention are now before the public eye. The province of Ontario some time ago offered a bonus of \$1.00 per ton on pig iron made in the province from Ontario ores. The Hamilton furnace immediately resulted; the Deseronto furnace followed; the Midland furnace has just gone into blast, while the Sault furnaces are now under construction. All of these furnaces were partly induced by the bounty, so that while the first one enjoyed it for a time, the others have reduced it to 25 cents per ton. The slight stimulus thus afforded by the province at a total outlay of only \$125,000 has excited the investment of over \$2,000,000 in blast furnaces, employing in a new industry at high wages, from mines to pig metal, over 2,000 men locally, besides the traffic to Canadian ships and railways. A second instance is the great works of the Dominion Iron & Steel company at Sydney, induced by the Dominion bounty on steel. Last week in Ottawa a member of the government asked me how could the finance minister meet the enormous subsidy to be paid the

Sydney and other Canadian steel works. I answered that during the subsidy period it would be impossible to produce iron in all the works proposed in Canada to require the payment of \$10,000,000; that the works to earn this subsidy would require an expenditure of over \$30,000,000 in construction and plant, an expenditure of over \$50,000,000 in labor and materials while earning the subsidy, and would employ from mines to mill 50,000 people at high class wages. At the end of the subsidy period these works will have been founded on a basis which will ensure their continuous operation in competition with the world. Is there a day laborer or a millionaire in Canada who does not call this bonus a good investment of the people's money?

The latest instance is that of the land grant to the Algoma Central railway. This measure, when it became a law in the provincial parliament, seemed to have the popular approval of the citizens of the province, although the opposition felt it to be good political policy with them to express its disapproval in parliament. I believe, however, that those citizens of the province opposed in politics to the policy of the government, who have had an opportunity to observe the results following this legislation, will now declare it to have been a wise measure and one which, judged from its results, cannot be successfully opposed by any political party. It is my belief that the benefits gained to the people of the province are so great and so widespread from this act of legislation as to establish in the minds of thoughtful electors the wisdom of continuing the policy inaugurated in the Algoma Central land grant. The region traversed by the Algoma Central railway was unknown and inaccessible except to the woodsman inured to Indian hardships. In consideration of the opening up of this region for settlement by the construction of the Algoma Central railway, the government has donated to that company a large area along its line. With the expectation of securing a profit from the forests growing on these lands and from the products of the soil after cutting off the forests, the construction of the Algoma Central has been undertaken. At present 12 miles of

this railway have been completed and are in operation between Michipicoten Harbor and the Helen mine. Forty miles to a connection with the Canadian Pacific are under construction. Twenty-five miles of the main line from Sault Ste. Marie northwest are in operation, and 50 miles are partly completed. The total expenditures on account of this construction have already exceeded three millions of dollars and the sum necessary to complete the road will probably exceed five millions of dollars. This investment of eight millions of dollars involves an annual interest charge of about five hundred thousand dollars, and this amount of net profit annually must be derived from the lands granted by the government, since no other business for the traffic of the road now exists in the region. To cause the land grant to realize this profit the railway company must people the land and establish various manufactories for the use of forest products, build furnaces and reduction works to utilize the ores and establish thousands of farmers to till the soil. All of these undertakings must be originated by the railway company to secure the necessary income. To do this will require additional investments of large sums and untiring energy in inducing people to come to this raw country as permanent settlers. I estimate that it will take the labors of 25,000 people contributing solely to the traffic of the Algoma Central railway to earn interest on the cost of its construction. Twenty-five thousand laborers will support a population of 100,000, and when these 25,000 laborers have become scattered in different industries between Sault Ste. Marie and the northern limit of the Algoma Central, the very efforts of this large population, installed at the private expense of the railway company, will have made the lands of the government equal in value to those of the railway company and will thus make valuable an asset of the people otherwise worthless. Who will say this is not the wisest course for the government to pursue in seeking to accomplish the population of the country and the development of its resources? I believe that no party can remain in power and that no party can take power who will oppose measures so plainly in the public interest. Ask the

laborers of Sydney, and of the hundred different manufacturers in Canada who have contributed materials to the Sydney works, if they disapprove of the steel bounty. Ask the question in Hamilton, in Midland, in Sault Ste. Marie, and you will have but one answer—the measure was wise and is reaping more than the expected benefits. But the policy of land grants to railways is vastly more far-reaching than the promotion of a single interest, and a land grant is of vastly greater benefit to the country, and ultimately better for the railway company, than a cash subsidy. What is populating the prairie and western country of Canada? The efforts of the immigration department of the Canadian Pacific railway to induce immigration to the lands owned by that railway. Why is that part of the Canadian Pacific railway between Sudbury and Port Arthur practically without an inhabitant? Because for that part of the railway only a cash subsidy was taken, and there the Canadian Pacific railway has no direct interest in populating the land. Everybody now admits that the wisest legislation ever enacted by Canada was when she resolved to make a success of the Canadian Pacific railway by public aid, but with that accomplishment the people have seemed to feel that enough had been done. Not so. If half a dozen railways between the lakes and Hudson Bay can be built, on land grants, I advocate granting the land. If a dozen railways can be built from the Atlantic to the Pacific over Canadian territory on land grants, I say, give them the land. By no other course will Canada so soon feel the stirring of its pulse with the fresh vigorous life blood of new people. It is human nature to envy success, and there are among every people those who think they see in every energetic movement the evidence of unfair profit. I am impressed of this fact by the editorial comment in the recent issue of a Toronto paper respecting the Algoma Central land grant. It was to the effect that recent mention of our undertakings here in the public press indicated to the editor that we were preparing a fresh campaign against the citadel at Toronto and the writer went on to say that while we certainly had done much for Canada,

Canada had also done more than enough by us, and the parliament was advised to go on guard at once and surround itself with the protective defense of cold-blooded business. I do not have any right to object to any comments of the press upon our operations in Canada if their observations are based upon actual knowledge of our transactions. Every man is entitled to his independent judgment. But I do make this request of the gentlemen of the press of Ontario and of Canada, that they should not pass a final judgment upon our projects or our theories, based upon no further information than cogitations in their sanctuary. I invite them to come to Sault Ste. Marie and observe the actual conditions attending our efforts at opening this new country and I shall then be content with their verdict, and be satisfied to meet their support or opposition at Toronto. For I am going to Toronto again and I am going to Ottawa again, and I expect to spend a part of every winter at those favorite winter resorts, for many winters to come. When I find I am not wanted there I will cease to go, but I think I shall be met with cordiality and sympathy by every member of parliament, whatever his political predilection, who has actual knowledge of the good that is resulting to Canada from the efforts I am exerting here.

Let me summarize the conditions which the captious critic would discover here. He would find in the different lines of industry we had expended here in the neighborhood of nine millions of dollars, cash, all of which has been foreign money injected into the circulating medium of Canada, to remain forever to the everlasting blessing of thousands of its inhabitants; that the completion and successful operation of our undertaking will require the expenditure of a sum nearly as large; that several thousands of inhabitants had found new employment in these undertakings at a higher scale of wages than had ever before prevailed in Canada; that the passenger earnings of the little Canadian Pacific station at Sault Ste. Marie, which were \$15,000 in the year 1895 had grown to \$61,000 in the year 1900; that the freight earnings of the same little station had grown from \$25,000 in 1895 to \$142,000 in 1900;

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that all the Canadian steamship lines operating to Sault Ste. Marie had to put on additional steamers and they were still unable to carry all the freight we required; that our works sent over \$300,000 in cash to Georgian Bay ports last year for purchases; that we sent nearly as much to Hamilton, and nearly as much to Toronto; that the machinery and electrical supplies that we have purchased from Peterborough have amounted to over \$100,000; that Brantford, Galt, Dundas and every other Ontario town engaged in mechanical manufactures had received from twenty-five thousand to two hundred thousand dollars of patronage from us; that our requirements had advanced the price of horses and nearly all the farm products in that part of Ontario tributary to Sault Ste. Marie. In fact for the year 1900 we expended in farm products and manufactured materials more than one million of dollars in the province of Ontario alone, besides a very large sum in the province of Quebec. By looking over our estimates for the year 1901 he would see that our requirements of a similar character from southern Ontario will amount to more than two millions of dollars and that additional steamship lines are being inaugurated from Georgian Bay and Lake Huron points to Sault Ste. Marie on the opening of navigation. That the railways entering the American Soo have announced additional passenger train service to bring impatient travelers to Sault Ste. Marie, and that the Canadian Pacific railway is putting on an additional passenger service to Sault Ste. Marie for the same purpose. Looking over our office staff he would find scientific and classical graduates from every college in Canada, clerks from nearly every bank in Canada and accountants from almost every city in Ontario. Among the artisans, mechanics and laborers he will find nearly every town and city in Ontario represented, and all of these people have assembled here because they found the rewards of labor greater here than elsewhere. With this information acquired, the critic will naturally ask, "What great compensation has induced this astonishing display of effort and energy?" An investigation of our accounts will show that these expenditures commencing

six years ago, had yielded no returns at all for the first three years; that the works then commenced to get into full operating condition and from that time onward there has been a satisfactory progress in the earning capacity of our various establishments as they have gradually come into operating conditions. The advantages of raw materials which we shall enjoy by means of the Algoma Central land grant will beyond doubt yield a large income on all the very great investments necessary for its utilization; but this recompense can only be enjoyed in the fruition of time, and undertakings of the magnitude of ours should not be entered into by those who cannot "Learn to labor and to wait." The enthusiasm to commence them and the courage to complete them can all be had when sustained by the good will and the cordial sympathy of the people and the public men of Canada, but an ambition which will conceive such things will be quickly dulled and a courage which will carry them out will be quickly chilled, if, as soon as an energetic action gives evidence of the serious intention of carrying the project through, political interests makes them the object of attack.

But I am full of confidence and just such genuine and cordial applause as you give me here I hope to deserve of all Canadians for many a year to come. Your superb token of regard which you have bestowed upon me will ever be treasured with affectionate remembrance of this occasion. It is in a double sense timely, since my poor, old broken-down ticker became exhausted in attempting to mark time for me in Paris and at last gave out in the significant city of Geneva a month ago. As it happened on a Sunday, however, I had no opportunity to replace it. I thank you all, and say good night.